

SEP 14 1993

FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

**MM Docket 93-215**

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areas, the systems are generally not subject to "effective competition." Costs, however, are also generally higher in these areas because they do not possess many economies of scale present in more densely populated areas and often have a difficult topography and climate.

#### DISCUSSION

The Commission asked whether there should be a reduction in "administrative burdens on small systems making cost-of-service showings."<sup>1</sup> In its comments, NTCA and the New York State Commission on Cable Television, among others, said there should be a further reduction in administrative burdens for small systems making cost-of-service showings.

In comments, NTCA, urged the Commission to allow small systems the option of simply negotiating basic service tier rates with franchise authorities instead of having to resort to burdensome rate proceedings that involve expensive cost-of-service showings. A regulatory body with a significant interest in efficient regulation agrees. The New York State Commission on Cable Television is concerned about the impact of the Commission's regulations on the many small cable operators and small municipalities in New York and the nation. It said, "regulatory burdens would be minimized if small operators and their respective franchising authorities were free to establish rates by negotiation."<sup>2</sup> In prior comments in MM Docket 92-266,

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<sup>1</sup> NPRM at 76.

<sup>2</sup> New York State Commission on Cable Television at 3.

NTCA also proposed that the Commission exempt small systems with fewer than 1,000 subscribers and allow these systems simply to file their basic tier rates in cases where there is no objection to a simple filing by the franchise authority.

NTCA has provided to the Commission an estimated cost-of-service impact of \$2.29 per month per subscriber based on a 500 subscriber system.<sup>3</sup> This \$2.29 per month would in turn be collected from subscribers. This would no doubt only exacerbate rate levels for the subscribers already paying above benchmark rates. Likewise, Prime Cable notes a \$4.19 per subscriber per month increased cost-of-service recovery for a 191 subscriber system required to fill out FCC Form 393.<sup>4</sup>

NTCA agrees with others that there are many conditions beyond an operator's control that are responsible for above benchmark rates. The U.S. Small Business Administration (SBA) notes that many small systems have fewer channels than large systems reducing revenue potential from unregulated services. The SBA also states that, "because of the small markets that they serve, [small systems do not] have local advertising insertions on cable channels."<sup>5</sup> Small Cities states, "bigger companies receive huge volume discounts compared to small companies on

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<sup>3</sup> NTCA comments in MM Docket 92-266, August 31, 1993 at 6.

<sup>4</sup> Prime Cable, Harron Communications Corp., Georgia Cable Partners, Atlanta Cable Partners, L.P., Wometco Cable Corp., and The Coalition of Small System Operators at 38.

<sup>5</sup> Chief Counsel for Advocacy of the United States Small Business Administration at 9.

programming."<sup>6</sup> The Commission should consider these factors in deciding to alleviate already burdened companies from increased burdens which impose added costs on the companies and their subscribers.

#### CONCLUSION

NTCA urges the Commission to adopt rules consistent with these comments.

Respectfully submitted,

NATIONAL TELEPHONE COOPERATIVE  
ASSOCIATION

By: Jerry Weikle  
Jerry Weikle  
Industry Specialist  
(202) 298-2367

By: David Cosson / by JLC  
David Cosson  
(202) 298-2326

Its Attorney

2626 Pennsylvania Ave., N.W.  
Washington, D.C. 20037

September 14, 1993

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<sup>6</sup> Small Cities Cable Television at 4.

CERTIFICATE OF SERVICE

I, Gail C. Malloy, certify that a copy of the foregoing Reply Comments of the National Telephone Cooperative Association in MM Docket No. 93-215 was served on this 14th day of September 1993, by first-class, U.S. Mail, postage prepaid, to the following persons on the attached list:

  
Gail C. Malloy

Scott Raffety, Esq.  
The Aerie Group Incorporated  
4730 Massachusetts Avenue  
Washington, D.C. 20016

Jonathan P. Young, Esq.  
Tele-Media Corporation  
Box 90  
State College, PA 16801

Bruce D. Collins, Esq.  
National Cable Satellite  
Corporation  
400 North Capitol St., N.W.  
Suite 650  
Washington, D.C. 20001

James A. Jones, CPA  
Controller  
Omega Communications, Inc.  
29 E. Maryland Street  
P.O. Box 1766  
Indianapolis, IN 46206

Colleen M. Millsap, Esq.  
Benchmark Communications  
21545 Ridgetop Circle  
Sterling, VA 20166

AUS Consultants, Inc.  
Utility Services Group  
155 Gaither Drive  
Moorestown, NJ 08057

Thomas J. Fox, Esq.  
NY State Assembly Committee  
on Oversight Analysis and  
Investigation  
Agency Building 4  
Albany, NY 12248

Jatinder Kumar, President  
Economic and Technical Consultants  
Inc.  
6241 Executive Boulevard  
Rockville, MD 20852

Mr. Jay Staiger  
Product Manager  
Philips Broadband Networks Inc.  
100 Fairgrounds Drive  
Manlius, NY 13104

William H. Dannenmaier, Esq.  
Snively, King & Associates, Inc.  
1220 L Street, N.W.  
Suite 410  
Washington, D.C. 20005

Mr. Robert Farr  
Cable Executive Producer  
Arlington County, Virginia  
1 Courthouse Plaza, Suite 302  
2100 Clarendon Boulevard  
Arlington, VA 22201

Mr. Paul J. Growald  
General Partner  
Small Cities Cable Television  
P.O. Box 190  
Shelburne, VT 05482

Samir F. Barakat, Esq.  
Judd C. Ostrom, Esq.  
Michael J. Pretto, Esq.  
Barakat & Chamberlin, Inc.  
1800 Harrison St., 18th Flr.  
Oakland, CA 94612

Ron D. Katznelson, Ph.D.,  
President  
Multichannel Communication Sciences,  
Inc.  
5910 Pacific Center Blvd.  
San Diego, CA 92121

Ms. Celeste M. Fasone, Director  
State of New Jersey  
Board of Regulatory Commissioners  
Two Gateway Center  
Newark, NJ 07102

John L. Grow, Esq.  
New York State Commission on  
Cable Television  
Corning Tower Bldg., Empire State  
Plaza  
Albany, NY 12223  
list127 list136 list067

Mr. Roy J. Stewart, Chief  
Mass Media Bureau  
Federal Communications Commission  
1919 M Street, N.W.  
Room 314-1800  
Washington, D.C. 20554

Michael H. Hammer, Esq.  
Theodore C. Whitehouse, Esq.  
Melissa E. Newman, Esq.  
Willkie Farr & Gallagher  
1155 21st Street, N.W.  
Washington, D.C. 20036

Arthur Andersen  
Arthur Andersen & Company  
1666 K Street, N.W.  
Washington, D.C. 20036

Ward W. Wueste, Esq.  
Marceil Morrell, Esq.  
GTE Service Corporation  
P.O. Box 152092  
Irving, Texas 75015-2092

Aaron I. Fleischman, Esq.  
Stuart F. Feldstein, Esq.  
Fleischman and Walsh, P.C.  
1400 16th St., N.W., Suite 600  
Washington, D.C. 20036

Judith A. McHale, Esq.  
Barbara S. Wellbery, Esq.  
Discovery Communications, Inc.  
7700 Wisconsin Avenue  
Bethesda, MD 20814-3522

Mark J. Palchick, Esq.  
Baraff, Koerner, Olender  
& Hochberg, P.C.  
5335 Wisconsin Avenue, N.W.  
Suite 300  
Washington, D.C. 20015

Richard E. Wiley Esq.  
John I. Davis, Esq.  
William B. Baker, Esq.  
Wiley Rein & Fielding  
1776 K Street, N.W.  
Washington, D.C. 20006

Philip L. Verveer, Esq.  
Sue D. Blumenfeld, Esq.  
Brian Finley, Esq.  
Melissa E. Newman, Esq.  
Willkie Farr & Gallagher  
1155 21st Street, N.W.  
Washington, D.C. 20036

M. Robert Sutherland, Esq.  
Thompson T. Rawls, II, Esq.  
BellSouth Telecommunications, Inc.  
Southern Bell Center  
675 West Peachtree St., N.E.  
Suite 4300  
Atlanta, GA 30375

Mr. Stephen R. Effros, President  
Mr. James H. Ewalt, EVP  
Robert J. Unger, Esq.  
CATA, Inc.  
P.O. Box 1005  
3950 Chain Bridge Road  
Fairfax, VA 22030

Daniel L. Brenner, Esq.  
Michael S. Schooler, Esq.  
David L. Nicoll, Esq.  
Diane B. Burstein, Esq.  
NCTA  
1724 Massachusetts Ave., N.W.  
Washington, D.C. 20036

James A. Hirshfield, Esq.  
Robert J. Erickson, Esq.  
Summit Communications, Inc.  
3633 136th Place S.E.  
Suite #107  
Bellevue, WA 98006

Robert S. Lemle, Esq.  
Senior Vice President and  
General Counsel  
Cablevision Systems Corp.  
One Media Crossways  
Woodbury, NY 11797

Spencer R. Kaitz, Esq.  
Jerry Yanowitz, Esq.  
Jeffrey Sinsheimer, Esq.  
California Cable Television  
Association  
4341 Piedmont Avenue  
Oakland, CA 94611

Gardner F. Gillespie, Esq.  
David M. Tyler, Jr., Esq.  
Jacqueline P. Cleary, Esq.  
Hogan & Hartson  
555 13th Street, N.W.  
Washington, D.C. 20004

Janice L. Lower, Esq.  
Michael R. Postar, Esq.  
Duncan, Weinberg, Miller &  
Pembroke, P.C.  
1615 M Street, N.W., Suite 800  
Washington, D.C. 20036

Dr. Mark Cooper  
Gene Kimmelman, Esq.  
Consumer Federation of  
America  
1424 16th Street, N.W., Suite 604  
Washington, D.C. 20036

Richard E. Wiley, Esq.  
Philip V. Permut, Esq.  
Lawrence W. Secrest, III, Esq.  
William B. Baker, Esq.  
Wiley, Rein & Fielding  
1776 K Street, N.W.  
Washington, D.C. 20006

James R. Hobson, Esq.  
Jeffrey O. Moreno, Esq.  
Donelan, Cleary, Wood & Maser, PC  
1275 K Street, N.W., Suite 850  
Washington, D.C. 20005-4078

Joseph Van Eaton, Esq.  
Miller & Holbrooke  
1225 19th St. N.W.  
Suite 400  
Washington, D.C. 20036

Brenda L. Fox, Esq.  
Leonard J. Kennedy, Esq.  
Laura H. Phillips, Esq.  
Pamela J. Holley, Esq.  
Dow, Lohnes & Albertson  
1255 23rd St., N.W., Suite 500  
Washington, D.C. 20036

Norman M. Sinel, Esq.  
Patrick J. Grant, Esq.  
Stephanie M. Phillipps, Esq.  
Bruce A. Henoch, Esq.  
Arnold & Porter  
1200 New Hampshire Ave., N.W.  
Washington, D.C. 20036

Janice L. Lower, Esq.  
Michael R. Postar, Esq.  
Harold K. McCombs, Esq.  
Duncan, Weinberg, Miller &  
Pembroke, P.C.  
1615 M St., N.W., Suite 800  
Washington, D.C. 20036

Frances Seghers, Exective Dir.  
Federal Affairs  
Motion Picture Association of  
America, Inc.  
1600 Eye Street, N.W.  
Washington, D.C. 20006

Donna Coleman Gregg, Esq.  
William B. Baker, Esq.  
Christopher B. Fager, Esq.  
Wiley, Rein & Fielding  
1776 K Street, N.W.  
Washington, D.C. 20006



Mr. Robert J. Sachs  
Senior Vice President for  
Corporate and Legal Affairs  
Margaret A. Sofio, Esq.  
Continental Cablevision, Inc.  
Pilot House, Lewis Wharf  
Boston, MA 02110

John D. Seiver, Esq.  
Paul Glist, Esq.  
J. D. Thomas, Esq.  
Marie Browne, Esq.  
Cole, Raywid & Braverman  
1919 Penn. Ave., N.W., Suite 200  
Washington, D.C. 20006

David J. Kaufman, Esq.  
Rhonda L. Neil, Esq.  
Brown, Nietert & Kaufman, Chtd.  
1920 N Street, N.W., Suite 660  
Washington, D.C. 20036

Kathryn A. Hutton, Esq.  
Ross & Hardies  
888 16th Street, N.W.  
Washington, D.C. 20006-4103

Mark L. Evans, Esq.  
Alan I. Horowitz, Esq.  
Anthony F. Shelley, Esq.  
Miller & Chevalier, Chartered  
655 15th Street, N.W.  
Washington, D.C. 20005

Commissioner John M. Urban  
The Commonwealth of Massachusetts  
Community Antenna TV Commission  
Leverett Saltonstall Building  
100 Cambridge Street  
Boston, Massachusetts 02202

Chairman James H. Quello  
Federal Communications Commission  
1919 M Street, N.W., Room 802-0106  
Washington, D.C. 20554

Howard J. Symons, Esq.  
Christopher J. Harvie, Esq.  
Leslie B. Calandro, Esq.  
Mintz, Levin, Cohn, Ferris  
Glovsky and Popeo, P.C.  
701 Penn. Ave., N.W., Suite 900  
Washington, D.C. 20004

N. Frank Wiggins, Esq.  
Venable, Baetjer, Howard  
& Civiletti  
1201 New York Avenue, N.W.  
Washington, D.C. 20005

Stephen R. Ross, Esq.  
Kathryn A. Hutton, Esq.  
Ross & Hardies  
888 16th Street, N.W.  
Washington, D.C. 20006

Doris S. Freedman, Esq.  
Barry Pineless, Esq.  
United States Small Business  
Administration  
409 3rd Street, S.W.  
Washington, D.C. 20416

Mark L. Evans, Esq.  
Miller & Chevalier, Chartered  
655 15th Street, N.W., Suite 900  
Washington, D.C. 20005-5701

International Transcription Service  
2100 M Street, N.W.  
Suite 140  
Washington, D.C. 20037

Commissioner Andrew C. Barrett  
Federal Communications Commission  
1919 M Street, N.W., Room 826-0103  
Washington, D.C. 20554

Commissioner Ervin S. Duggan  
Federal Communications Commission  
1919 M Street, N.W., Room 832-0104  
Washington, D.C. 20554

Mr. Kent Nilsson  
Common Carrier Bureau  
Federal Communications Commission  
1919 M Street, N.W., Room 544-1600G  
Washington, D.C. 20554

Downtown Copy Center  
1114 21st Street, N.W.  
Suite 140  
Washington, D.C. 20036